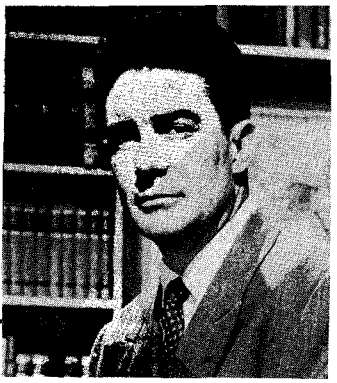
THE
Dan Smoot Report

Vol. 11, No. 30 (Broadcast 518) July 26, 1965 Dallas, Texas



DAN SMOOT

BIG BROTHER

"A Party member lives from birth to death under the eye of the Thought Police. Even when he is alone he can never be sure that he is alone. Wherever he may be, asleep or awake, working or resting, in his bath or in bed, he can be inspected without warning and without knowing that he is being inspected. Nothing that he does is indifferent. His frendships, his relaxations, his behavior toward his wife and children, the expression of his face when he is alone, the words he mutters in sleep, even the characteristic movements of his body, are all jealously scrutinized. Not only any actual misdemeanor, but any eccentricity, however small, any change of habits, any nervous mannerism that could possibly be the symptom of an inner struggle, is certain to be detected. He has no freedom or choice in any direction whatever." — 1984, by George Orwell

The Social Security Act of 1935 created the federal-state unemployment system. The purpose was to force establishment of state unemployment insurance programs. To do this, the act imposed a 3% federal unemployment tax on payrolls of all employers with eight employees or more — but provided that 90% of the taxes thus raised would be given to states that adopted their own unemployment insurance programs.(1)

The law accomplished its purpose. By June 30, 1937, all states, plus the District of Columbia and the territories of Alaska and Hawaii, had established unemployment insurance programs, in order to get 90% of the unemployment tax money which the federal government was taking away from private employers.(1)

Many changes have been made in the federal statute — the most notable, in 1954, when the tax was imposed on all employers with four employees or more (instead of eight or more); and in 1960, when the federal tax was increased from 3% to 3.1% of covered private payrolls.(1)

The federal unemployment tax money given to states (plus unemployment taxes which states themselves levy on employers) must be kept in an unemployment trust fund managed by the U. S. Treasury. It is disbursed to states for benefits to unemployed workers. The portion of unemployment tax money retained by the federal government is used to pay administrative expenses of federal and state agencies, and to build a reserve fund for loans or gifts to states that run out of unemployment insurance money.(1)

THE DAN SMOOT REPORT, a magazine published every week by The Dan Smoot Report, Inc., mailing address P. O. Box 9538, Lakewood Station, Dallas, Texas 75214; Telephone TAylor 1-2303 (office address 6441 Gaston Avenue). Subscription rates: $10.00 a year, $6.00 for 6 months, $18.00 for two years. For first class mail $12.50 a year; by airmail (including APO and FPO) $14.50 a year. Reprints of specific issues: 1 copy for 25¢; 6 for $1.00; 50 for $5.50; 100 for $10.00—each price for bulk mailing to one person. Add 2% sales tax on all orders originating in Texas for Texas delivery.

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During the first 25 years of this system, employer contributions (plus interest) totaled 30 billion, 400 million dollars; benefits paid to workers totaled 24 billion, 200 million dollars.[1]

The system brilliantly serves the purposes of persons afflicted with the anti-capitalist mental illness with which socialism has infected the modern world: union officials, employees who have been taught that employers are their enemies, socialists, communists, welfare-state liberals, politicians buying votes with promises of something for nothing. Since the unemployment tax is levied only on employers[2] (in addition to all their other taxes), everyone but an employer can advocate expansion of the system without risking an increase in his own taxes. Advocates of the government program win support of those who receive unemployment compensation, while employers (who pay the compensation) are considered tight-fisted oppressors of the down-and-out.

The system also brilliantly serves empire-building purposes of the bureaucracy. A vast army of state employees who administer unemployment insurance programs are supervised, regulated, and controlled by another army of federal employees.

Operation of the program has enabled federal agencies to exert dictatorial powers over state governments, in violation of the U. S. Constitution — in defiance of the spirit and purpose of our federal system. By threatening to withhold federal tax money, federal bureaucrats virtually dictate laws for state governments to enact; compel administrative changes in state operations; practically force state agencies to favor some citizens over others, under pretext of protecting "minority group" interests.

Employment service is an integral part of the federal government's *unemployment* services.

In 1918, the United States Employment Service (USES) was established (within the Department of Labor) for emergency labor-mobilization during World War I. The war ended, but USES survived and grew. Created during a war emergency to recruit labor when there were more jobs than workers, the agency was expanded in 1933 to recruit labor when there were about 13,000,000 more workers than jobs. USES eventually became a unit in the Labor Department's Bureau of Employment Security, which has responsibility for both unemployment and employment services of the federal government.[1,3]

A primary function of USES has been to create a nationwide network of state *employment* services under federal control — just as state *unemployment* services are under federal control. Budget figures show how this function has expanded. In 1932, the USES budget was $1,000,000; in 1964, $200,000,000. In addition to its own budget, USES now receives annually many millions allocated for President Johnson's war on poverty.[3]

Through USES, the federal government controls every tax dollar the states raise for their employment service operations. The budget of every state employment service must be approved by the U. S. Labor Department. To get this approval, each state must conform to Labor Department policies.[1,3]

In 1963, the Labor Department demonstrated its dictatorial control over state governments. The Pennsylvania Senate passed a bill limiting state employment offices to helping only the unemployed and the under-employed. Labor Department officials claimed the bill raised "serious conformity questions" which could cut off federal funds for Pennsylvania in the future and require immediate payment of an old federal loan of $192,000,000 to the Pennsylvania unemployment-compensation fund. This would have bankrupted the state. To keep federal money already obtained, and to get more, Pennsylvania Governor William W. Scranton led a movement to kill the state legislation that federal bureaucrats disliked.[3]

The purpose of USES, when it was expanded during the depression of the 1930's, was to help the unemployed; but its present goal appears to be a federal monopoly over the nation's work force. If this goal is ever reached, no American

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will be permitted to work in any job or occupation, or change employment, without government orders specifying how, where, and when he may work, and for how much.

Note some comments by U. S. Representative Frank T. Bow (Ohio Republican) in the October 1964, issue of *The Reader's Digest*:

"There is mounting evidence to support the charge that the USES has 'turned its back on the unemployed.' Instead of concentrating on helping our jobless, the agency is expanding more and more into fields where it is neither needed nor wanted. If this is permitted to continue it can only result in absolute control of American manpower and its allocation. The surrender of our free enterprise system will be complete."[3]

To prove his charge, Representative Bow cited the following:

(1) The federal-state Employment Service tests and counsels senior students in some 10,000 U. S. high schools (about half the high schools in the country). Though some psychologists seriously question the qualifications of untrained government personnel to operate in this sensitive field, USES promises to extend its activity to *all* high schools.

(2) USES hopes to handle job placement of every college student in the United States. USES claims it can save many colleges $50,000 to $100,000 a year if they will accept USES services in lieu of their own placement operations. USES boasts that nearly 300 colleges and universities already use government counseling and guidance.

(3) USES wants private businesses to hire exclusively through the Employment Service.

(4) Many labor union officials – who lobby for legislation to force employers to list all job opportunities with the Employment Service–have turned over their own hiring halls to USES state subsidiaries.

(5) USES has enlarged its own jurisdiction, in order to place more than 250,000 professional and managerial personnel (many of whom are already employed) in new jobs each year. This activity (not authorized by Congress) has nearly tripled in the last ten years. USES has opened 160 "Professional Office Network" offices throughout the country. To attract more clients seeking government help in professional and managerial placement, USES has spent huge sums of tax money on plush furnishings and decor, to give its "Professional Office Network" offices an air of affluence.[3]

Private employment agencies must, of course, charge fees for their services — to pay their own expenses and to pay taxes for the support of their biggest competitors, the public employment agencies, which operate on tax money and charge no service fees. Despite such outrageously unfair competition from their own government, more than 4,000 private employment agencies are still in business.[4] This fact alone indicates that private agencies do a better job than public agencies do. Otherwise, private agencies would have no customers.

Bureaucrats are determined to drive private employment agencies out of business. During the summer of 1964, academic experts testified before a U. S. House labor subcommittee. They said Congress should force *all* employers to list *all* job openings with USES.[3]

Bernard Teets, director of the Colorado State Employment Service recently boasted:

"In five years, if we are not hampered by new restrictions, and if we can get adequate funds from Congress, we'll be handling 90 percent of the [job placement] business. We are not living in a free-enterprise system, but rather operating under a controlled economy."[3]

Mr. Teets said he now controls 40% of all placements in Colorado and looks forward to eliminating private employment agencies.[4]

On October 9, 1964, Robert O. Snelling, Sr., president of the Pennsylvania Chapter of the National Employment Association, spoke in Pittsburgh about the "ominous federal manpower grab," saying:

"It may amaze you to know that there is now a bill in Congress–called the Fogarty Bill–that, if passed, would make jobs and job seeking a federal monopoly and would do away completely with the private employment agency industry. The USES has declared open war on the private employment agencies and is blatantly spending

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billions of your dollars to compete with the private employment agencies . . . .

"Another example of the spreading danger of the government manpower grab is dramatized in California, where the . . . . state-controlled employment service has entered a bill in the California Legislature for each of the last four years to reduce the charges of the private employment agencies to less than 1% of a year's wages."(4)

Private employment agencies could not survive on such low fees. If they charge too much, no one has to patronize them.

USES has been accused of falsifying its own achievements. Note the following from U. S. Representative Bow:

"Willard P. Dudley, director of the Ohio Bureau of Unemployment Compensation, discovered last October [1963] that placement figures at the Cleveland employment office were padded. Because of pressure from Washington to increase placements, as many as half of all placements claimed by the office were fraudulent.

"Dudley said USES officials deplored releasing the results of his investigation because the agency's appropriation was pending before the Congress.

"Padding the figures is, however, apparently nothing new with USES. In Akron, Ohio, 140 placements claimed turned out to be jobs an Employment Service supervisor assigned to his three sons, one of whom was simultaneously drawing unemployment compensation. Ward A. Riley, former Employment Service chief in Cleveland, shrugs off the hiking of placement figures as old stuff.

" 'You'll find that in every employment office in the country,' says Riley. 'They do it in Chicago, Pittsburgh, and Podunk. I don't care where it is. It applies not just to Cleveland, but from Maine to California. It's been the pattern everywhere since the 1930's.'

"There is more involved in the practice than the natural desire of clerks to justify their jobs. The bogus statistics make it appear as though USES is doing such a fine job that it deserves public support for its expansion."(3)

Government not only falsifies its *employment* service achievements, but also distorts *unemployment* statistics — to show need for multiple, multi-billion-dollar programs to fight unemployment and poverty.

On February 1, 1965, President Lyndon B. Johnson announced that he was expanding federal employment and job-training services. He said:

"Unemployment in America stands at almost 5 percent. Yet we face the paradox that, with nearly four million people unemployed

"—it often takes weeks to have an appliance or other repair made

"—hospitals and many other community services are understaffed

"—housewives cannot get the help they seek for work in the home or in the yard

"—we have been admitting almost 200,000 foreign workers annually because American workers were not considered available

"—and the papers are full of Help Wanted Ads.

"I am convinced that a substantial number of jobs can be developed from such presently existing and unmet service needs — in business, at home, on the farm and in the community. Therefore, I am launching a nationwide Job Development Program in service and related fields . . . .

"By July, 1965, this Job Development Program should reach 10,000 jobs a month. This initial five-month stage can be accomplished under existing law. It will be supported out of funds already appropriated or requested in my Budget Message.

"I will also propose to the Congress the adoption of legislation by amendment of the Manpower Development and Training Act and in, if necessary, other appropriate ways which will give this program the broadest and firmest possible basis . . . ."(5)

U. S. Senator Joseph S. Clark and U. S. Representative Elmer J. Holland (Pennsylvania Democrats) introduced legislation to implement the President's proposal for amending the Manpower Development and Training Act of 1962.(6) Congress quickly enacted the legislation. The President signed it, April 26, 1965.

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Among other things, the Clark-Holland Act:

(1) Empowers the Secretary of Labor to initiate federal job-development programs when the Secretary feels that private business activity is inadequate;

(2) Expands benefits for persons enrolled in the government's job-training programs—authorizing, for example, special federal assistance to job-training graduates who cannot get work because of inability to post bond for minor offenses, or for other reasons;

(3) Empowers the Secretary of Labor to grant tax money and contracts to governmental and non-profit private organizations, to provide specialized training for special groups.[5,6,7]

Note that President Johnson began his February 1, 1965, speech by saying "unemployment in America stands at almost 5%." In March, 1965, federal officials claimed that, of the 73,909,000 persons who constitute the U. S. civilian labor force, 5.1% (3,740,000) were unemployed. Checking these figures closely, *U. S. News & World Report* discovered that, of the 3,740,000 Americans counted as unemployed:

(1) Nearly 20% were married women whose husbands were working;

(2) Almost 23% were teen-age boys and girls, many of whom were living with parents or attending school and seeking only part-time work;

(3) Less than 33.3% were married men with families, most of whom had been out of work less than 15 weeks;

(4) Only 3.6% (135,000) were "hard core" unemployed married men out of work for six months or longer.[8]

These findings show that less than two-tenths of one percent (0.18%) of the civilian labor force can be legitimately classified as persons unable to find work and provide for their families. Compare this with conditions during World War II: all American manpower was in demand; yet the annual rate of unemployment never fell below 1.2%.[8]

U. S. News & World Report interviewed employers, labor experts, and private job-placement officials about present employment conditions. A labor expert said:

"Among people with any skill, full employment is already here. And almost anyone, skilled or unskilled, can get a job of some sort if he really needs and wants one."

The personnel manager of an Oklahoma oil company said:

"We need everything from unskilled laborers to salesmen with college degrees."

An Indiana moving-company official, whose city was described as a depressed area one year ago, said:

"We've been able to find only half the office workers we need, even though we are offering double our wages of 1960."

A job-placement expert said:

"A large part of the unemployed, especially the long-term ones, are just plain unemployable. Some are functional illiterates. Even those who finish school lack real training or skills or the ability to learn them.

"Many of the 'hard core' unemployed come out of a pool-hall culture, often with police records . . . . We find they frequently don't understand the simple concepts of getting to work on time and staying until quitting time."

A Chicago employment agency reported:

"Employers are crying for unskilled help in factories, restaurants and filling stations, and they're paying up to $80 a week. But some workers would rather live on the dole. They figure: 'Why work when you can collect up to $60 a week in unemployment pay?' "

A New York labor department official described certain millinery workers,

"who are able to stagger the two big production seasons, one for winter felt hats, one for summer straw, so that they work just long enough to qualify for unemployment pay the rest of the year. Many then spend winters in Florida."

A North Carolina furniture maker said:

"We sent recruiters to the hills of Appalachia for men to train, but only a few responded. And

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then we found most are unhappy when you take them out of the hills. They'd prefer to be home without a job."

A New York job-placement official commented:

"Newspaper ads show a big demand for kitchen and dishwashing help. But many white and Negro youths won't take the jobs. They feel that such work is only fit for Puerto Ricans."

A New Jersey county vocational school recently dropped a waitress training program because only a handful of applicants showed up. A school official said:

"We discovered that local Negro leaders told the girls that jobs as waitresses were beneath them. Yet most of the girls getting this advice couldn't read or write."[8]

The governmental drive to control private employers and employees moves on many fronts. For example, federal law (Fair Labor Standards Act) now requires most private employers to pay a minimum wage of $1.25 an hour. Unions want the coverage extended and the minimum raised to $2.00. On May 18, 1965, President Johnson demanded extension of coverage to 4,500,000 workers not now covered, but disappointed unions by not demanding increase in the minimum wage.[9,10]

Thousands of Americans, especially school children seeking part-time or summer work, are already unemployed because potential employers cannot afford to pay $1.25 an hour. Raising the minimum wage, and extending its coverage to four and a half million more workers, will force additional hundreds of thousands of people out of private employment. It will also destroy many small businesses just getting started, and others barely getting by — businesses which are important to the present economy and future growth of the nation; businesses which perform a valuable public service by providing on-the-job training for unskilled workers.

Government contracts provide powerful controls over private employment. Some of the controls, so subtle that victims hardly realize what is happening, reveal that the federal bureaucracy aims to dominate the thinking and personal habits of workers, not only at work but at home.

For example, the government encourages defense contractors to adopt an employee-motivation program called *Zero Defects.* Employees anonymously fill out questionnaires each week, confessing to any errors made. They are told that generous government contracts are awarded companies who support the Zero Defects program, and promised that if employees voluntarily sign pledges to cooperate, the companies will be influenced in decisions about promotions, salary raises, lay-offs.[11]

Edith Kermit Roosevelt, in a column entitled "Big Brother's Aides," published by the *Shreveport Journal*, May 1, 1965, said:

"Under the Zero Defects program, grown workers in these industries with government contracts, including scientists and executives, are treated like . . . children to be rewarded or punished for their behavior. According to the *Wall Street Journal,* the Norden division of United Aircraft Corp. awards red vests — to be worn on the job — to workers in departments receiving low error rates. At Litton Industries, Inc., employees are given lapel buttons which they are encouraged to wear daily. These depict a fictitious character with a mask and cape named Zero (for Zero Defects), brandishing a rapier."[11]

Zero Defects propaganda encourages employees and their families to follow the program in their private lives. One such piece of propaganda tells a 1984-type success story — about a good zero defector who improved his lot by informing on fellow workers for not conforming to Zero Defects' image.[11]

While extending controls over private employment, through direct intervention and indirect pressures, officialdom lures workers into government employment. On May 12, 1965, President Johnson demanded immediate pay raises for federal employees and asked Congress to authorize a study every four years to compare federal pay with pay in private industry. Johnson suggested that, after each study, the President should have authority to make salary changes for top positions

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in the executive, legislative, and judicial branches. New salaries established by the President would go into effect automatically, unless vetoed by Congress.[12] This proposal would invade the legislature's constitutional responsibility for public revenue. It would make members of Congress beholden to the President for money — enabling them to get pay raises which the President prescribes, without the political risk of proposing and voting for their own raises.

On April 15, 1965, *The Dallas Morning News* reported Secretary of Labor Willard Wirtz as saying, *with pride*:

"One of every eight workers in the nation is on the public payroll . . . . More than one-third of all U. S. professional and technical workers are on the public payroll."

Is the Secretary of Labor *proud* because government is accomplishing its purpose? What *is* the purpose of government operations which destroy private businesses, and of government programs which encourage or compel workers to leave private employment for life on the public dole or public payroll?

U. S. Representative Bow comments on USES testing and guidance counseling activities:

"The ineptitude of USES testers is pointed up by the experience of Marcellus S. Merrill, president of the Merrill Engineering Laboratories in Denver. An electrical engineer, he numbers among his many inventions an electronic wheel-balancing device for automobiles, and precision gyroscopes for space satellites.

"Out of scientific curiosity, Merrill dropped by an employment office in Denver and took a 2½-hour aptitude test.

" 'They told me I might make a teacher, but only in the junior grades of a rural school,' Merrill reported. 'They also thought I might do as a file clerk or a male nurse or possibly even a testing clerk. But they said I could never hope to make the grade as an electrician or an engineer.'

"It is impossible to calculate how many young people — potential doctors, lawyers, scientists — have been steered into wrong careers by such tests."[3]

Bow also alleges that USES bases job placements too largely on political reliability.[3]

When the federal government controls employment of every individual, a person's career will depend on performance during government-administered tests, and on loyalty to the ruling political party.

"We control life, Winston, at all its levels. You are imagining that there is something called human nature which will be outraged by what we do and will turn against us. But we create human nature. Men are infinitely malleable. Or perhaps you have returned to your old idea that the proletarians or the slaves will arise and overthrow us. Put it out of your mind. They are helpless, like the animals. Humanity is the Party. The others are outside — irrelevant." — 1984, by George Orwell

WHO IS DAN SMOOT?

Born in Missouri, reared in Texas, Dan Smoot went to SMU getting BA and MA degrees, 1938 and 1940. In 1941 he joined the faculty at Harvard as a Teaching Fellow, doing graduate work for a doctorate in American civilization. From 1942 to 1951, he was an FBI agent: three and a half years on communist investigations; two years on FBI headquarters staff; almost four years on general FBI cases in various places. He resigned from the FBI and, from 1951 to 1955, was commentator on national radio and television programs, giving *both* sides of controversial issues. In July, 1955, he started his present profit-supported, free-enterprise business: publishing *The Dan Smoot Report*, a weekly magazine available by subscription; and producing a weekly news-analysis radio and television broadcast, available for sponsorship by reputable business firms, as an advertising vehicle. The *Report* and broadcast give *one* side of important issues: the side that presents documented truth using the American Constitution as a yardstick. If you think Smoot's materials are effective against socialism and communism, you can help immensely — help get subscribers for the *Report*, commercial sponsors for the broadcast.

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FOOTNOTES

(1) "Bureau of Employment Security," *United States Government Organization Manual,* 1963-64, (Superintendent of Documents, Government Printing Office, Washington, D. C., 20402, price: $1.75), pp. 316-21; "Labor Sought Unemployment Program Overhaul in 1961," *Congressional Quarterly Almanac*, 1961, pp. 273-6

(2) All federal unemployment tax is levied only on employers. The 1961 *Congressional Quarterly Almanac* (page 274) notes that the states of Alabama, Alaska, and New Jersey place a minuscule unemployment tax on employees who earn $7,200.00 or less.

(3) "The Great Manpower Grab," by U. S. Representative Frank T. Bow (Ohio Republican), *The Reader's Digest*, October, 1964

(4) "Snelling Warns Business Executives Of Federal Manpower Grab," Snelling and Snelling, Inc., News Release 64574, October 9, 1964

(5) "Job Development Program," *Congressional Quarterly Weekly Report*, February 5, 1965, pp. 215, 219

(6) "Manpower Programs," *Congressional Quarterly Weekly Report*, February 5, 1965, pp. 182-3

(7) "Manpower Programs," *Congressional Quarterly Weekly Report*, April 9, 1965, p. 612

(8) "The Myth Of Big-Scale Unemployment," *U. S. News & World Report*, May 10, 1965, pp. 80-2

(9) "Text Of President Johnson's State Of The Union Message," *Congressional Quarterly Weekly Report*, January 8, 1965, pp. 51-2

(10) "$2 Hourly Minimum Labor Aim," AP dipatch, *The Dallas Times Herald*, February 26, 1965, p. 3A; "LBJ Hits 'Right-to-Work,'" *The Dallas Morning News*, May 19, 1965, p. 1

(11) "Big Brother's Aides," by Edith Kermit Roosevelt, *Shreveport Journal*, May 1, 1965

(12) "LBJ Seeks To Hike Federal, Military Pay," AP dispatch from Washington, D. C., *The Dallas Times Herald*, May 12, 1965, pp. 1, 24

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